

Message

From: George Yousling [REDACTED]@google.com]
Sent: 2/18/2020 1:06:23 AM
To: Lawrence Koh [REDACTED]@google.com]
Subject: Re: <Action Needed> Riot & GVP

(Only you)

Thanks for following up with Purnima here. Hopefully we get some good news tomorrow morning! I suspect we will hear from Brian tomorrow if we don't have word back to Riot by ~12pm.

On Mon, Feb 17, 2020, 4:51 PM Lawrence Koh <[REDACTED]@google.com> wrote:
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Hi Purnima,

Just wanted to check in to see if you were able to send out a note to Sameer, Don, Christian, etc to provide context on the investment we're making into Riot via the GVP offer. Please let us know if there is anything we can do to help.

Thanks,
Lawrence

On Thu, Feb 13, 2020 at 11:17 AM Karan Gambhir <[REDACTED]@google.com> wrote:
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While the other thread is on, here is a quick view of how much of the money Riot may end up using:

- Riot had shared (way back) plans of spending 45m on Google ads in year 1, and 39m in the second. George checked with LCS today and they too are very confident that using \$10m credits is going to be no problem; for reference CoD alone is already spending on UAC beyond what Riot needs to spend to unlock 10m (and Riot has 4 titles). **Likelihood Medium-High**
- The 15m + 1m on marketing will certainly be spent. **Likelihood High**
- Given the launch schedule more towards mid to late in the year, it may take time to create enough content to spend 2m on YT Presence. **Likelihood Medium**
- They will definitely accrue 2% on GCP. **Likelihood High**

So the net value is highly likely to remain close to 15% with the updated spend projections. Insignificant change even if we spend very little on YT Presence. I cannot see a way for us to put controls on this too.

The best way forward for now in my mind as I mentioned earlier and Lawrence has reinforced a few times on the other thread is to stress the reason for this offer to Riot (unlike anyone else) - get them to launch on Play in the first place, and that subsequent deals will follow the ABK template of a (large) strategic x-Google win.

Regards,
Karan

On Wed, Feb 12, 2020 at 7:32 PM Lawrence Koh <[REDACTED]@google.com> wrote:
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The finance team raises a valid concern but I wonder if we're properly calculating this by considering all factors on why we came up with this package. Our current investment package for Riot was motivated by 2 objectives:

1) have Riot choose Play vs launching their own Android store. We offered the comarketing funds (up to \$15m) early last year to show that we are committed to leaning into their products in a big way. This helped us not only strengthen our catalog but we were able to prevent another PR challenge and increased agitation from the industry

2) once they chose Play, we followed up with an ask to Riot that they contractually agree to not just launch their games on Play but simship and maintain parity on all titles. Riot agreed and this was accomplished by offering them the GCP credits, UAC credits, and YT offer.

I might be the only one that's sensitive to this but I believe we're not taking into consideration the investment that was needed to accomplish objective #1. In my view, its because of objective #1 that were paying a higher premium in the first year as Riot builds up their business on Play and I believe the benefits will get closer to our desired rev share target in future years as our new partner matures on Play.

On Wed, Feb 12, 2020, 7:10 PM Karan Gambhir <[REDACTED]@google.com> wrote:
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Our offers remain valid through 2020 (Ads and YouTube) as GVP offers are not pro-rated. So if they start spending on Ads post launch, they may still use the 10m in ads credits within 2020 by spending the same amount in 9 months vs 12. Similarly for YouTube and marketing.

Their first game launches in March so they do have a window to use all the funds that are unlocked, so the 15% while being a worst case scenario is very possible.

On Wed, Feb 12, 2020, 6:53 PM Purnima Kochikar <[REDACTED]@google.com> wrote:
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Karan - thanks for the heads up. Wouldn't our offers reduce commensurately if launches are delayed?

For instance the \$10M in UAC credits wouldn't be fully used would they? Similarly, wouldn't they are not likely to use the YT grants until after launch, would they?

Also we have the standard GVP credit match requirements don't we?

I understand that the potential upside from Riot is huge. Before reaching out to Sameer I would like to assess payouts based on reduced spend projections.

P

On Wed, Feb 12, 2020, 5:08 PM Karan Gambhir <[REDACTED]@google.com> wrote:
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+Tamar Fruchtman for advice.

Quick update: Finance just updated their spend projections for Riot. With the old projections, our Hug package for Riot was *returning up to 6-7%* of projected Play spend, however, with the new projections, it comes to ~15% of their "updated" projected spend. Finance has raised this increased return as a flag. For

further context, much of this downward revision is driven by Riot's title launches (and hence their expected spend) moving out while most Google investments are still in 2020.

For context, we are giving Riot:

- 15m in Marketing campaigns (including what's already been run)
- 2m in YouTube presence
- 1m in YouTube influencer marketing (run by the Play marketing team)
- 10m in UAC credits
- 2% in GCP credits
- TOTAL = 28m + 2% for GCP = ~15%

@Purnima Kochikar , **do you think we should send in a note to Sameer asking for his ok on this package and % return for Riot?** I see it as a narrative based on the following reasons:

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- Riot is a dev we believe could drive a billion\$ business for us, given the strength of their IP. Also gives us leverage in discussions with Tencent
- The deal is based on discussions that have been taking place with Riot for over 8 months - we should keep in mind that all of this was promised to them just to get them to launch on Play in the first place (and hence they prereg-ed 3 games) - hence this is different from other Hug conversations
 - We could also position this as a one time "welcome to Google" deal given they had done everything they could to build a mobile gaming business without us, and hence may ever not be given to other devs
- At the end of this one year deal, we will plan to renew this only in exchange for a much larger deal aka ABK (and linked to Play performance hence much more controlled)

Regards,
Karan

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